

# RALPH LAUREN DENMARK ApS

Langelinie Allé 35, 2100 København Ø

CVR no. 30 90 72 99

## Annual report 2015/16

Approved at the annual general meeting of shareholders on 29 August 2016

Chairman:

.....  
Geoffroy van Raemdonck

## Contents

<b>Statement by the Executive Board</b>	<b>2</b>
<b>Independent auditors' report</b>	<b>3</b>
<b>Management's review</b>	<b>4</b>
Company details	4
Operating review	5
<b>Financial statements for the period 1 April 2015 - 31 March 2016</b>	<b>6</b>
Income statement	6
Balance sheet	7
Statement of changes in equity	8
Notes to the financial statements	9

## Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of RALPH LAUREN DENMARK ApS for the financial year 1 April 2015 - 31 March 2016.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 March 2016 and of the results of the Company's operations for the financial year 1 April 2015 - 31 March 2016.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 29 August 2016  
Executive Board:

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Geoffroy van Raemdonck

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Marco René Kerschen

.....  
Jan-Fredrik Malm

.....  
Hans Christian Meyer

.....  
Laura Carolina Gutiérrez  
Montaña

## Independent auditors' report

To the shareholders of RALPH LAUREN DENMARK ApS

### Independent auditors' report on the financial statements

We have audited the financial statements of RALPH LAUREN DENMARK ApS for the financial year 1 April 2015 - 31 March 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

#### *Management's responsibility for the financial statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 March 2016 and of the results of its operations for the financial year 1 April 2015 - 31 March 2016 in accordance with the Danish Financial Statements Act.

#### **Statement on the Management's review**

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any other procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 29 August 2016  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR No. 30 70 02 28

Lissen Fagerlin Hammer  
State Authorised Public Accountant

Alex Nissov  
State Authorised Public Accountant

## Management's review

### Company details

Name	RALPH LAUREN DENMARK ApS
Address, Postal code, City	Langelinie Allé 35, 2100 København Ø
CVR No.	30 90 72 99
Registered office	Copenhagen
Financial year	1 April 2015 - 31 March 2016
Executive Board	Geoffroy van Raemdonck Marco René Kerschen Jan-Fredrik Malm Hans Christian Meyer Laura Carolina Gutiérrez Montaña
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmutsh Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank A/S Deutsche Bank AG Bank Mendes Gans

## **Management's review**

### **Operating review**

#### **The Company's business review**

The object of the company is to conduct business with selling, distribution and promotion of garments and hereby related business.

#### **Financial review**

In 2015/16, the company's revenue came in at EUR 953,788 against EUR 1,314,873 last year. The income statement for 2015/16 shows a profit of EUR 16,644 against a profit of EUR 171,389 last year, and the balance sheet at 31 March 2016 shows equity of EUR 647,354.

During financial year ended 31 March 2016, the company has achieved a decrease in sales of 12% in comparison to the previous year mainly due to the closure of stores. Operating expenses have decreased by 5%.

#### **Special risks**

The company operates as a commissionaire of Ralph Lauren Europe Sàrl and as such earns a commission of 39% (rate as of March 2016) on its sales to customers. The company has a service agreement in place with Ralph Lauren Scandinavia AB whereby some of its operating expenses are recharged with a 5% Markup.

As a commissionaire of the company Ralph Lauren Europe Sàrl, the company does not bear any risk associated to inventory or receivables. The functional currency is the Euro and the company is therefore exposed to currency fluctuations with the Danish krone. As its business is carried out in Denmark with subsequent expense in Danish krone, this risk is reduced.

#### **Post balance sheet events**

No significant events have occurred subsequent to the financial year.

#### **Outlook**

As a commissionaire of Ralph Lauren Europe Sàrl, the company earns commission income and bears operating expenses which are mainly rent, salaries and depreciation. The company also receives from Ralph Lauren Europe Sàrl a concession contribution. This was the seventh financial year the company was trading.

The company expects a decrease in sales of 7% in fiscal year 2016/2017. The sales are the basis for calculation of commission income.

## Financial statements for the period 1 April 2015 - 31 March 2016

### Income statement

Note	EUR	<u>2015/16</u>	<u>2014/15</u>
	<b>Revenue</b>	953,788	1,314,873
2	Other operating income	1,309,417	1,237,413
	External expenses	<u>-1,045,304</u>	<u>-996,777</u>
	<b>Gross profit</b>	1,217,901	1,555,509
3	Staff costs	-1,071,821	-1,208,696
4	Depreciation and impairment of property, plant and equipment	<u>-95,804</u>	<u>-77,660</u>
	<b>Operating profit</b>	50,276	269,153
5	Financial income	3,629	110
6	Financial expenses	<u>-32,995</u>	<u>-37,929</u>
	<b>Profit before tax</b>	20,910	231,334
7	Tax for the year	<u>-4,266</u>	<u>-59,945</u>
	<b>Profit for the year</b>	<u>16,644</u>	<u>171,389</u>
	<b>Proposed profit appropriation</b>		
	Proposed dividend recognised under equity	0	500,000
	Retained earnings/accumulated loss	<u>16,644</u>	<u>-328,611</u>
		<u>16,644</u>	<u>171,389</u>

## Financial statements for the period 1 April 2015 - 31 March 2016

### Balance sheet

Note	EUR	<u>2015/16</u>	<u>2014/15</u>
	<b>ASSETS</b>		
	<b>Non-current assets</b>		
8	<b>Property, plant and equipment</b>		
	Other fixtures and fittings, tools and equipment	297,108	59,784
		<u>297,108</u>	<u>59,784</u>
	<b>Investments</b>		
	Other receivables	91,761	75,028
		<u>91,761</u>	<u>75,028</u>
	<b>Total non-current assets</b>	<u>388,869</u>	<u>134,812</u>
	<b>Current assets</b>		
	<b>Receivables</b>		
	Trade receivables	128,099	232,640
	Receivables from group entities	144,353	199,747
	Deferred tax assets	28,401	38,217
	Income taxes receivable	10,670	26,993
	Prepayments	0	703
		<u>311,523</u>	<u>498,300</u>
	<b>Cash</b>	<u>283,969</u>	<u>720,099</u>
	<b>Total current assets</b>	<u>595,492</u>	<u>1,218,399</u>
	<b>TOTAL ASSETS</b>	<u>984,361</u>	<u>1,353,211</u>
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
9	Share capital	17,017	17,017
	Retained earnings	630,337	613,693
	Dividend proposed for the year	0	500,000
	<b>Total equity</b>	<u>647,354</u>	<u>1,130,710</u>
	<b>Liabilities other than provisions</b>		
	<b>Current liabilities other than provisions</b>		
	Trade payables	22,726	3,056
	Payables to group entities	55,084	30,514
	Other payables	259,197	188,931
		<u>337,007</u>	<u>222,501</u>
	<b>Total liabilities other than provisions</b>	<u>337,007</u>	<u>222,501</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u>984,361</u>	<u>1,353,211</u>

- 1 Accounting policies  
10 Collateral  
11 Contractual obligations and contingencies, etc.



## Financial statements for the period 1 April 2015 - 31 March 2016

### Statement of changes in equity

EUR	<u>Share capital</u>	<u>Retained earnings</u>	<u>Dividend proposed for the year</u>	<u>Total</u>
Equity at 1 April 2015	17,017	613,693	500,000	1,130,710
Profit/loss for the year	0	16,644	0	16,644
Dividend distributed	0	0	-500,000	-500,000
<b>Equity at 31 March 2016</b>	<b>17,017</b>	<b>630,337</b>	<b>0</b>	<b>647,354</b>

## Financial statements for the period 1 April 2015 - 31 March 2016

### Notes to the financial statements

#### 1 Accounting policies

The annual report of RALPH LAUREN DENMARK ApS for 2015/16 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Reporting currency

The financial statements are presented in EUR, as the entity's most significant transactions are settled in EUR.

#### Foreign currency translation

Transactions denominated in foreign currencies are translated into EUR at the exchange rate at the date of the transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated into EUR at the exchange rate at the balance sheet date. Realised and unrealised exchange gains and losses are recognised in the income statement as financial income/expenses.

#### Income statement

##### Revenue

Revenue is commission income only.

Commission income is recognised when the underlying transaction is carried through.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

##### Other operating income

Other operating income comprises items of a secondary nature relative to the entity's core activities, including gains or losses on the sale of non-current assets.

##### External expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to sale, advertising, administration, premises, bad debts, etc.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

##### Depreciation and impairment of property, plant and equipment

The item comprises depreciation and impairment of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Other fixtures and fittings, tools and equipment            3-7 years

## Financial statements for the period 1 April 2015 - 31 March 2016

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

##### Balance sheet

##### Property, plant and equipment

Items of other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

##### Impairment of non-current assets

Every year, other fixtures and fittings, tools and equipment are reviewed for impairment. Where there is indication of impairment, an impairment test is made for each individual asset or group of assets, respectively, generating independent cash flows. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount. Where an impairment loss is recognised on a group of assets, a loss must first be allocated to goodwill and then to the other assets on a pro rata basis.

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective indication that a receivable or a group of receivables is impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are tested for objective indication of impairment on a portfolio basis. The portfolios are primarily composed on the basis of debtors' domicile and credit ratings in accordance with the Company's risk management policy. The objective indicators used for portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

##### Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

## Financial statements for the period 1 April 2015 - 31 March 2016

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Cash at hand and in bank

Cash at hand and in bank comprise cash balances and bank balances.

##### Equity

##### *Proposed dividends*

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

##### Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

## Financial statements for the period 1 April 2015 - 31 March 2016

### Notes to the financial statements

EUR	<u>2015/16</u>	<u>2014/15</u>
<b>2 Other operating income</b>		
Service Income from Ralph Lauren Scandinavia AB	561,361	654,904
Concession contribution from Ralph Lauren Europe Sàrl	553,178	582,522
Other operating income	194,878	-13
	<u>1,309,417</u>	<u>1,237,413</u>
<b>3 Staff costs</b>		
Wages/salaries	850,244	935,691
Pensions	77,977	90,835
Other social security costs	24,690	17,193
Other staff costs	118,910	164,977
	<u>1,071,821</u>	<u>1,208,696</u>
No fees were paid to members of the Executive Board in the year.		
<b>4 Depreciation and impairment of property, plant and equipment</b>		
Depreciation of property, plant and equipment	95,804	77,660
	<u>95,804</u>	<u>77,660</u>
<b>5 Financial income</b>		
Other financial income	3,629	110
	<u>3,629</u>	<u>110</u>
<b>6 Financial expenses</b>		
Other financial expenses	32,995	37,929
	<u>32,995</u>	<u>37,929</u>
<b>7 Tax for the year</b>		
Deferred tax adjustments in the year	4,266	59,945
	<u>4,266</u>	<u>59,945</u>

## Financial statements for the period 1 April 2015 - 31 March 2016

### Notes to the financial statements

#### 8 Property, plant and equipment

EUR	<u>Other fixtures and fittings, tools and equipment</u>
Cost at 1 April 2015	725,167
Additions in the year	337,812
Disposals in the year	-195,059
Cost at 31 March 2016	<u>867,920</u>
Impairment losses and depreciation at 1 April 2015	665,383
Depreciation in the year	95,804
Reversal of depreciation and impairment of disposals	-190,375
Impairment losses and depreciation at 31 March 2016	<u>570,812</u>
<b>Carrying amount at 31 March 2016</b>	<u><b>297,108</b></u>

#### 9 Share capital

Analysis of changes in the share capital over the past 5 years:

EUR	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>	<u>2012/13</u>	<u>2011/12</u>
Opening balance	17,017	17,017	17,017	17,000	17,000
Capital increase	0	0	0	0	17
	<u>17,017</u>	<u>17,017</u>	<u>17,017</u>	<u>17,000</u>	<u>17,017</u>

#### 10 Collateral

The Company has not placed any assets or other as security for loans at 31 March 2016.

## Financial statements for the period 1 April 2015 - 31 March 2016

### Notes to the financial statements

#### 11 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

EUR	<u>2015/16</u>	<u>2014/15</u>
Guarantee commitments	<u>410,522</u>	<u>297,999</u>
	<u>410,522</u>	<u>297,999</u>

Guarantee commitments consist of outstanding bank guarantees in favour of Illum Administration ApS in relation to below mentioned rent and lease liabilities for a period ending 30 June 2017.

##### Other financial obligations

Other rent and lease liabilities:

EUR	<u>2015/16</u>	<u>2014/15</u>
Rent and lease liabilities	<u>702,013</u>	<u>595,907</u>

Rent and lease liabilities consist of rent payments for outstanding contractual obligations for a period ending 30 June 2017.